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SUBJECT: TRIP TO REGIONS HIGHLIGHTS ECONOMIC DEVELOPMENT

¶1. Ambassador Cloud visited Panevezys and Birzai on November 7 and 8, meeting with city political leaders, linen and glass companies, and a group of NGO leaders. The Ambassador delivered remarks at a high school, encouraging the students to consider study opportunities in the U.S., toured a local museum and gave two press interviews.

¶2. Political leaders detailed economic development plans using EU structural funds, including a science and technology park and a new electric plant. One mayor indicated some citizens' suspicion of the EU funding process, a chronic concern in Lithuania, while another mayor expressed concern that the technology park would remain empty as a result of companies' interest in hiring only cheap labor. Ambassador Cloud pointed out that construction of the Via Baltica, a highway corridor through Poland and the Baltics, could attract investors and tourists.

¶3. Business and political leaders expressed concern about competition with China, particularly in the textile industry, key to the region. One mayor expressed disappointment at EU failure to follow thru on a promise to address competition with China and suggested that the U.S. and Lithuania join efforts. Ambassador stressed that the U.S. wants free and fair trade and maintains a dialogue with the EU about competition. One company director proposed a solution whereby companies would work to find their own niche in the product market and wait out the period of China's influence until consumers learned to appreciate quality products over mass production.

LEADER